

**Memorandum**

NOV 6 1996

Date

Michael Mangano

From

June Gibbs Brown
Inspector General

Subject

Audit of the Pension Plan at Blue Cross and Blue Shield of Michigan, a Terminated Medicare Contractor (A-07-96-01176)

To

Bruce C. Vladeck
Administrator
Health Care Financing Administration

This is to alert you to the issuance of our final report on November 8, 1996 identifying almost \$12 million in excess pension assets at Blue Cross Blue Shield of Michigan (Michigan) which should be remitted to Medicare because of the termination of the Medicare contractual relationship. A copy is attached and copies of the report have been distributed to your staff for adjudication of the finding.

Michigan's contractual relationships under Medicare were terminated in 1994. We determined that as of January 1995, Michigan had excess Medicare pension assets of almost \$12 million. Regulations and the Medicare contracts provide that pension gains which occur when the Medicare contract terminates should be credited to the Medicare program. Accordingly, we are recommending that Michigan remit almost \$12 million in excess pension assets to the Medicare program.

Michigan disagreed with our recommendation because they believed the calculations should have considered future benefits and a lower retirement age. Our calculations were based on applicable regulations and estimates used by Michigan's actuaries to fund the pension plan. The Health Care Financing Administration, Office of the Actuary, reviewed our report, including Michigan's comments, and agreed with our analysis and resultant recommendation.

We will be working with your staff to resolve the complicated issues addressed in this report. If you need additional information about this report, please call me or your staff may contact Barbara A. Bennett, Regional Inspector General for Audit Services, Region VII, (816) 426-3591.

Attachment

Department of Health and Human Services

**OFFICE OF
INSPECTOR GENERAL**

**AUDIT OF THE PENSION PLAN AT
BLUE CROSS AND BLUE SHIELD OF MICHIGAN,
A TERMINATED MEDICARE CONTRACTOR**



JUNE GIBBS BROWN
Inspector General

NOVEMBER 1996
A-07-96-01176



DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of Inspector General
Office of Audit Services

Region VII
601 East 12th Street
Room 284A
Kansas City, Missouri 64106
CIN: A-07-96-01176

Mr. J. Michael Clyne
Manager, Customer Audit Service
Blue Cross and Blue Shield of Michigan
600 Lafayette East #1014
Detroit, Michigan 48226

Dear Mr. Clyne:

This report provides the results of an Office of Inspector General (OIG), Office of Audit Services (OAS) review titled *Audit of the Pension Plan at Blue Cross and Blue Shield of Michigan, a Terminated Medicare Contractor*. The purpose of our review was to determine the excess assets that should be remitted to Medicare by Blue Cross and Blue Shield of Michigan (Michigan) because of the termination of the Medicare contractual relationship in 1994.

We computed excess Medicare pension assets of \$11,904,263 as of January 1, 1995, which Michigan should remit to the Federal government. Michigan believed that elements of our calculations resulted in an overstatement of the recommended refund. Michigan's response is included in its entirety as Appendix D. Appendix E contains the Health Care Financing Administration (HCFA), Office of Actuary's comments on Michigan's response.

INTRODUCTION

BACKGROUND

Michigan administered Medicare Parts A and B operations under cost reimbursement contracts until the contractual relationship was terminated in 1994. In claiming costs, contractors were to follow cost reimbursement principles contained in the Federal Procurement Regulations (FPR), which were superseded by the Federal Acquisition Regulations (FAR), the Cost Accounting Standards (CAS), and the Medicare contracts.

Since its inception, Medicare has paid a portion of the annual contributions made by contractors to their pension plans. These payments represented allowable pension costs under the FPR and/or the FAR. In 1980, both the FPR and Medicare contracts incorporated CAS 412 and 413.

The CAS 412 regulates the determination and measurement of the components of pension costs. It also regulates the assignment of pension costs to appropriate accounting periods. The CAS 413 regulates the valuation of pension assets, allocation of pension costs to segments of an organization, adjustment of pension costs for actuarial gains and losses, and assignment of gains and losses to cost accounting periods.

The Health Care Financing Administration (HCFA) incorporated segmentation requirements into Medicare contracts starting with Fiscal Year 1988. The contractual language specifies segmentation requirements and also provides for the separate identification of the pension assets for a Medicare segment.

The Medicare contract defines a segment, and specifies the methodology for the identification and initial allocation of pension assets to the Medicare segment. Furthermore, the contract requires that the Medicare segment assets be updated for each year after the initial allocation in accordance with CAS 413.

In our report titled *"Audit of Medicare Contractor's Segmented Pension Costs Blue Cross and Blue Shield of Michigan"*, dated June 2, 1992 (CIN: A-07-91-00471) we addressed the computation of the asset fraction, the identification of the segment's assets as of July 1, 1986, and updated the segment's assets to January 1, 1990.

Contract terminations are addressed by CAS 9904.413-50(c)(12), which provides criteria involving the closure of a segment. It states:

"If a segment is closed, the contractor shall determine the difference between the actuarial liability for the segment and the market value of the assets allocated to the segment, irrespective of whether or not the pension plan is terminated....The calculation of the difference between the market value of the assets and the actuarial liability shall be made as of the date of the event that caused the closing of the segment. If such a date cannot be readily determined, or if its use can result in an inequitable calculation, the contracting parties shall agree on an appropriate date."

Michigan's Medicare Part A contract was terminated effective October 1, 1994, while the Medicare Part B contract was terminated effective November 1, 1994. Due to the two termination dates, we agreed with Michigan that January 1, 1995 would be an appropriate date for the closing of the segment.

Medicare contracts specifically prohibit any profit (gain) from Medicare activities. Therefore, according to the contract, pension gains which occur when a Medicare segment terminates should be credited to the Medicare program. In addition, FAR addresses dispositions of gains in situations such as contract terminations. When excess or surplus assets revert to a contractor as a result of termination of a defined benefit pension plan, or such assets are constructively received by it for any reason, the contractor shall make a refund or give credit to the Government for its equitable share (FAR, section 31.205-6(j)(4)).

OBJECTIVE, SCOPE AND METHODOLOGY

We made our examination in accordance with generally accepted government auditing standards. Our objective was to determine the amount of excess assets that should be remitted to Medicare as a result of the contract terminations. Achieving the objective did not require a review of Michigan's internal control structure.

We reviewed Michigan's identification of the Medicare segment and its update of Medicare assets from January 1, 1990 to January 1, 1995. Michigan identified total pension assets of \$368,198,084 and Medicare segment assets of \$35,506,381 as of January 1, 1995.

In performing the review, we used information provided by Watson Wyatt Worldwide, Michigan's consulting actuary. The information included liabilities, normal costs, contributions, and earnings. We reviewed Michigan's accounting records, pension plan documents, annual actuarial valuation reports, and the Department of Labor/Internal Revenue Service Form 5500s. Using these documents, we verified Michigan's update of Medicare segment assets to January 1, 1995. The HCFA pension actuarial staff reviewed our methodology and calculations.

Michigan has two defined benefit pension plans, the Union plan and the Regular plan. For presentation purposes, this report combines the assets of both plans. Appendices B and C separately detail the pension assets of the Union and Regular plans.

Site work at Michigan's corporate offices in Detroit, Michigan was performed during September 1995. We performed subsequent audit work in our OIG, OAS Jefferson City, Missouri field office.

This review was performed in conjunction with our audit of pension costs claimed for Medicare reimbursement (CIN: A-07-96-01178). The information obtained and reviewed during that audit was also used in performing this review.

FINDING AND RECOMMENDATION

When Michigan's contractual relationship with Medicare ended, Medicare's share of the excess pension assets was \$11,904,263, which we are recommending be remitted to HCFA. To determine Medicare's share it was necessary to (1) update segment assets to January 1, 1995, and (2) calculate the actuarial liability for accrued benefits for the segment, and the excess Medicare assets. These elements are described in detail in the following sections

Updating Segment Assets

As of January 1, 1995, Michigan determined Medicare segment assets at \$35,506,381. We identified Medicare segment pension assets of \$36,444,141 as of January 1, 1995. The increase of \$937,760 resulted from:

(1) assigning pension contributions equitably to the Medicare segment (\$315,023 increase), (2) adjusting benefit payments (\$134,304 increase), (3) calculating the update with corrected asset amounts (\$168,298 increase), and (4) adjusting for participants that moved in and out of the Medicare segment (\$320,135 increase).

Pension Contributions

For years 1993 and 1994 Michigan's consulting actuary calculated pension costs separately for the total company and the Medicare segment. For both 1993 and 1994, Michigan's actual contributions to the pension trust fund exceeded the total company pension costs calculated by its actuary. However, Michigan did not assign any portion of the excess contributions to the Medicare segment. Instead all the excess contributions were assigned to the "other segment".

Using the pension costs as calculated by the HCFA Office of the Actuary (CIN: A-07-96-01178), we assigned an additional \$156,021 and \$159,002 of the 1993 and 1994 total company contributions to the Medicare segment. Contributions were assigned to the Medicare segment based on the ratio of the segment's positive CAS funding target to the total company CAS funding target. Therefore, we increased Medicare segment assets by \$315,023. See Appendix A.

Benefit Payments

By using actual benefit payments for Medicare segment retirees, we increased Medicare segment assets by \$134,304. Michigan used estimated benefit payments for the Medicare segment retirees in its update of pension assets rather than actual benefit payments. A comparison of benefit amounts are shown on the following schedule.

Year	Michigan	OIG	Variance
1990	\$1,210,409	\$1,147,872	\$ 62,537
1991	1,150,079	1,106,126	43,953
1992	1,171,609	1,122,134	49,475
1993	1,132,854	1,094,027	38,827
1994	<u>1,107,075</u>	<u>1,167,563</u>	<u>(60,488)</u>
Total	<u>\$5,772,026</u>	<u>\$5,637,722</u>	<u>\$134,304</u>

Corrected benefit payment amounts were used in updating the Medicare segment assets shown in Appendix A. This resulted in a net increase of \$134,304 in the Medicare segment assets.

Asset Amounts

Michigan's update methodology allocated assumed earnings to the Medicare segment based on the average value of assets during the year. Additionally, Michigan computed the total company actuarial asset values as the sum of 80 percent of the expected asset value and 20 percent of the market value of assets. Because asset amounts for the Medicare segment were incorrect, Michigan understated the segment's assumed earnings and total actuarial asset values for each year of the update. Except for correcting asset amounts, as previously described, we used Michigan's allocation and computation methodology in our update and increased the Medicare segment assets by \$168,298.

Participant Transfers

Our update adjusted for participants who transferred in and out of the Medicare segment. This adjustment resulted in an increase of \$320,135 in pension assets.

Michigan's methodology for tracking transfers between the segments required an adjustment if:

- (1) the absolute value of the net annual transfer is greater than \$500,000,
- (2) the absolute value of the annual net transfer is greater than 5 percent of the actuarial liability,
- (3) the absolute value of the accumulated unadjusted transfers is greater than \$500,000, or
- (4) the absolute value of the accumulated unadjusted transfers is greater than 5 percent of the actuarial liability.

During the period of our review, Michigan accumulated the liability of transferring participants and indicated that none of the above conditions were met. Therefore, Michigan made no adjustments.

We identified transfers between segments by comparing the participant listing for each year as provided by Michigan's actuary. Using Michigan's tracking methodology and accumulating the adjustments at the valuation interest rate of 8 percent, we determined a transfer adjustment was necessary for the Union plan because the absolute value of the annual net transfer is greater than five percent of the actuarial liability ($0.05 \times \$5,715,756 = \$285,789$). For the Regular plan a transfer was necessary because the accumulated unadjusted transfers exceeded \$500,000. The net adjustment at January 1, 1995 was \$320,135 for transfers in and (out) of the Medicare segment:

Both Plans Appendix A	Union Plan Appendix B	Regular Plan Appendix C
\$320,135	(\$405,580)	\$725,715

By adjusting the Medicare segment pension assets to reflect the cumulative effect of the above corrections we increased Michigan's determination of \$35,506,381 by a total of \$937,760 to \$36,444,141 as of January 1, 1995. See Appendix A.

**Calculation of Actuarial Liability
and excess Medicare Assets**

We computed the Medicare actuarial liability for accrued benefits to be \$22,708,981. This amount includes the accrued liability of participants who were in the Medicare segment as of the termination date. After considering the Medicare segment assets of \$36,444,141 and the actuarial liability of \$22,708,981, the excess segment assets as of January 1, 1995 were \$13,735,160. However, because the segment was not 100 percent devoted to Medicare operations, only a portion of the excess segment assets are attributable to Medicare.

To arrive at Medicare's share of the excess assets, we determined the aggregate percentage of the segment, to be 86.67 percent as follows:

Year	Medicare Salaries	Total Salaries
1986 <u>1/</u>	\$ 14,500,325	\$ 18,014,684
1987	15,596,946	18,793,286
1988	12,411,314	13,972,113
1989	15,776,038	17,959,415
1990 <u>2/</u>	19,995,632	23,648,163
1991	20,979,902	24,795,021
1992	22,606,841	26,072,250
1993	22,924,570	25,477,816
1994 <u>3/</u>	<u>16,574,191</u>	<u>17,460,107</u>
Total	<u>\$161,365,759</u>	<u>\$186,192,855</u>

$$(\$161,365,759 / \$186,192,855 = 86.67 \text{ percent})$$

1/ For years 1986 through 1989, Fiscal Year data was used.

2/ For years 1990 through 1993, calendar year data was used.

3/ For 1994, January 1 through September 30 data was used.

After applying the Medicare percentage of 86.67 to excess segment assets of \$13,735,160, the resulting amount of \$11,904,263 represents the portion attributable to Medicare. Because of the termination of the Medicare contracts, this excess must be remitted to the Federal government.

Recommendation:

We recommend that Michigan:

- ① Remit \$11,904,263 to the Health Care Financing Administration.

Auditee Response

The following paragraphs summarize Michigan's response which is presented in detail on Appendix D.

Michigan argued that they used the 'projected benefit' method of computing pension liability, which they believed was allowable by the pre-1995 CAS which was in effect during the period. Michigan stated that our calculations relied upon the revised 1995 Cost Accounting Standard (CAS) 413 that required the "accrued benefit cost method" be used to calculate pension liability when a segment closed, rather than the projected benefit method, which was the actuarial cost method Michigan used.

Michigan also stated that terminations warrant corresponding changes in certain pension cost assumptions. According to Michigan, the most significant item affected by the termination was the assumed date of benefit commencement for participants who terminated. Michigan argued that actual experience indicates that the best estimate of the age at which Medicare segment benefits begin is 58.5 years, not age 65 as assumed in our draft report.

OIG Comments

Our comments are summarized in the following paragraphs. The HCFA, Office of Actuary's detailed comments on Michigan's response are presented on Appendix C.

Under the pre-1995 CAS, the projected benefit method is allowable when there is a future benefit relationship. An underlying principle of the CAS, and Government contract accounting in general, has been that there must be a causal/beneficial relationship between incurring a cost and the performance of a contract before that cost can be allocated to and allowed under that contract. When a segment closes, there is an end to the causal/beneficial relationship between future pay raises and the Government contract(s). Thus, it is inappropriate to recognize future salary increases when determining the 413.50(c)(12) segment closing adjustment. The audit report was based on the CAS that was in effect when the last contract was awarded, which was the pre-1995 version.

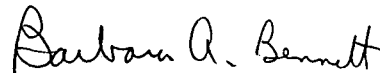
With regard to retirement age, the actuarial liability used to determine the CAS 413.50(c)(12) adjustment was provided by Michigan's actuary, Watson Wyatt Worldwide, and it was based on the retirement age assumption used in 1995. Michigan's 1995 valuation report, prepared subsequent to the termination of the contracts, made no changes to the retirement age assumption and we found no evidence that Michigan believed its retirement age assumption was unreasonable.

INSTRUCTIONS FOR AUDITEE RESPONSE

Final determinations as to actions to be taken on all matters reported will be made by the HHS action official identified below. We request that you respond to the recommendation in this report within 30 days from the date of this report to the HHS official, presenting any comments or additional information that you believe may have a bearing on final determination.

In accordance with the principles of the Freedom of Information Act (Public Law 90-23), OIG, OAS reports issued to the Department's grantees and contractors are made available, if requested, to members of the press and general public to the extent information contained therein is not subject to exemptions in the Act which the Department chooses to exercise. (See 45 CFR Part 5.)

Sincerely,



Barbara A. Bennett
Regional Inspector General for
Audit Services, Region VII

HHS Action Official:

Chester Stroyny
Regional Administrator, Region V
Health Care Financing Administration
105 West Adams Street, 17th Fl.
Chicago, Illinois 60603

Enclosure

BLUE CROSS AND BLUE SHIELD OF MICHIGAN
Detroit, Michigan
CIN: A-07-95-01176

STATEMENT OF MEDICARE PENSION ASSETS
JANUARY 1, 1990 TO JANUARY 1, 1995

UNION & REGULAR PLANS

			<u>Total Company</u>	<u>Other Segment</u>	<u>Medicare Segment</u>
01/01/90	Actuarial Asset Value	<u>1/</u>	\$224,776,681	\$201,851,403	\$22,925,278
	Contribution	<u>2/</u>	0	0	0
	Assumed Earnings	<u>3/</u>	17,451,996	15,667,715	1,784,281
	Benefit Payments	<u>4/</u>	(12,233,950)	(11,086,078)	1,147,872)
01/01/91	Expected Asset Value	<u>5/</u>	\$229,994,727	\$206,433,040	\$23,561,687
	Recognized Gain	<u>6/</u>	4,032,674	3,620,346	412,328
01/01/91	Actuarial Asset Value		\$234,027,401	\$210,053,386	\$23,974,015
01/01/91	Market Value of Assets	<u>7/</u>	\$250,158,099	\$224,534,775	\$25,623,324
01/01/91	Actuarial Asset Value		\$234,027,401	\$210,053,386	\$23,974,015
	Contribution		0	0	0
	Assumed Earnings		18,212,812	16,342,823	1,869,989
	Benefit Payments		(11,754,914)	(10,648,788)	(1,106,126)
01/01/92	Expected Asset Value		\$240,485,299	\$215,747,421	\$24,737,878
	Recognized Gain		12,567,432	11,275,490	1,291,942
01/01/92	Actuarial Asset Value		\$253,052,731	\$227,022,911	\$26,029,820
01/01/92	Market Value of Assets		\$303,322,461	\$272,124,873	\$31,197,588

BLUE CROSS AND BLUE SHIELD OF MICHIGAN
Detroit, Michigan
CIN: A-07-95-01176

STATEMENT OF MEDICARE PENSION ASSETS
JANUARY 1, 1990 TO JANUARY 1, 1995

UNION & REGULAR PLANS

		<u>Total Company</u>	<u>Other Segment</u>	<u>Medicare Segment</u>
01/01/92	Actuarial Asset Value	\$253,052,731	\$227,022,911	\$26,029,820
	Contribution	0	0	0
	Assumed Earnings	19,715,157	17,681,398	2,033,759
	Benefit Payments	(12,209,097)	(11,086,963)	(1,122,134)
01/01/93	Expected Asset Value	\$260,558,791	\$233,617,346	\$26,941,445
-	Recognized Gain	13,347,726	11,968,274	1,379,452
01/01/93	Actuarial Asset Value	\$273,906,517	\$245,585,620	\$28,320,897
01/01/93	Market Value of Assets	\$327,297,419	\$298,458,717	\$33,838,702
01/01/93	Actuarial Asset Value	<u>8/</u> \$273,906,517	\$245,585,620	\$28,320,897
	Contribution	8,667,772	8,402,220	265,552
	Assumed Earnings	21,464,393	19,241,561	2,222,832
	Benefit Payments	(11,925,880)	(10,831,853)	(1,094,027)
01/01/94	Expected Asset Value	\$292,112,802	\$262,397,548	\$29,715,254
	Recognized Gain	15,391,299	13,826,216	1,565,083
01/01/94	Actuarial Asset Value	\$307,504,101	\$276,223,764	\$31,280,337
01/01/94	Market Value of Assets	\$369,069,300	\$331,528,631	\$37,540,669

BLUE CROSS AND BLUE SHIELD OF MICHIGAN
Detroit, Michigan
CIN: A-07-95-01176

STATEMENT OF MEDICARE PENSION ASSETS
JANUARY 1, 1990 TO JANUARY 1, 1995

UNION & REGULAR PLANS

		<u>Total Company</u>	<u>Other Segment</u>	<u>Medicare Segment</u>
01/01/94	Actuarial Asset Value	\$307,504,101	\$276,223,764	\$31,280,337
	Contribution	18,010,934	17,410,140	600,794
	Assumed Earnings	24,437,324	21,976,847	2,460,477
	Benefit Payments	(11,867,752)	(10,700,189)	(1,167,563)
12/31/94	Expected Asset Value	\$338,084,607	\$304,910,562	\$33,174,045
12/31/94	Market Value of Assets	\$368,198,084	\$332,074,078	\$36,124,006
01/01/95	Transfers	<u>9/</u>	(320,135)	320,135
01/01/95	Market Value of Assets	\$368,198,084	\$331,753,943	\$36,444,141
	Per Michigan	<u>10/</u>	\$332,691,703	\$35,506,381
	Variance	<u>11/</u>	\$0	\$937,760

BLUE CROSS AND BLUE SHIELD OF MICHIGAN
Detroit, Michigan
CIN: A-07-95-01176

STATEMENT OF MEDICARE PENSION ASSETS
JANUARY 1, 1990 TO JANUARY 1, 1995

UNION & REGULAR PLANS

FOOTNOTES TO STATEMENT OF MEDICARE PENSION ASSETS

1/ Total actuarial asset values were obtained from Michigan's valuation reports. We computed the Medicare segment assets based on our identification of the segment. Our method of calculation, the sum of 80% of the expected asset value and 20% of the market value of asset, was the same as Michigan's.

2/ We obtained total contribution amounts from IRS Form 5500 reports. We allocated contributions to the Medicare segment based on the ratio of the segment's positive CAS funding target to the total company positive CAS funding target, limited to the segment's positive CAS funding target. If the segment's CAS funding target was negative we did not allocate contributions to the Medicare segment. Michigan used this same methodology.

3/ Total assumed earnings were obtained from valuation reports. Assumed earnings of the Medicare segment were recalculated in accordance with our identification of the Medicare segment. Our method of calculation, based on the average value of assets during the year, was the same as Michigan's. The interest rate for the entire audit period was 8%.

4/ Michigan provided benefit payment amounts and we verified them to IRS Form 5500 reports. We used actual benefit payments for Medicare segment retirees.

5/ The expected asset value represents the sum of the assets at the beginning of the year and adjustments throughout the year for contributions, assumed earnings, and benefit payments.

6/ Total market value of assets were obtained from Michigan's valuation reports. Market value of assets for the Medicare segment were recalculated in accordance with our identification of the Medicare segment. Our method of calculation, based on the ratio of the Total Company market value of assets to the Total Company expected asset value multiplied by the Medicare segment expected asset values, was the same as Michigan's.

7/ We calculated the recognized gain as the difference between the expected asset value and the actuarial asset value. The gain recognized is the difference between expected and actual earnings.

BLUE CROSS AND BLUE SHIELD OF MICHIGAN

Detroit, Michigan

CIN: A-07-95-01176

STATEMENT OF MEDICARE PENSION ASSETS

JANUARY 1, 1990 TO JANUARY 1, 1995

UNION & REGULAR PLANS

8/ In 1992 Michigan used different weighting factors to determine the average asset value, which were used to determine the assumed earnings, for both the total company and the Medicare segment. For consistency, we used the Medicare segment's weighting factor to determine the averages, and thereby the assumed earnings for the total company.

9/ We identified participant transfers between segments by comparing annual participant listings provided by Michigan's actuary. The listings contained the entry age normal actuarial accrued liability of each participant at year end. We determined the net adjustment for the liability of participants transferring in and out of the Medicare segment during each year. We accumulated the net adjustment at the valuation interest rate of 8%. The actual adjustment was made on January 1, 1995.

10/ We obtained the total asset amounts as of January 1, 1995 from Michigan's update of assets provided by its actuary.

11/ The asset variance represents the difference between the OIG calculation of assets as of January 1, 1995 and the assets calculated by Michigan's actuary.

BLUE CROSS AND BLUE SHIELD OF MICHIGAN
Detroit, Michigan
CIN: A-07-95-01176

STATEMENT OF MEDICARE PENSION ASSETS
JANUARY 1, 1990 TO JANUARY 1, 1995

Union Plan

		<u>Total Company</u>	<u>Other Segment</u>	<u>Medicare Segment</u>
01/01/90	Actuarial Asset Value	\$48,184,329	\$43,050,589	\$5,133,740
	Contribution	0	0	0
	Assumed Earnings	3,760,278	3,359,695	400,583
	Benefit Payments	(2,180,030)	(1,946,589)	(233,441)
01/01/91	Expected Asset Value	\$49,764,577	\$44,463,695	\$5,300,882
	Recognized Gain	719,136	642,534	76,602
01/01/91	Actuarial Asset Value	\$50,483,713	\$45,106,229	\$5,377,484
01/01/91	Market Value of Assets	\$53,360,257	\$47,676,366	\$5,683,891
01/01/91	Actuarial Asset Value	\$50,483,713	\$45,106,229	\$5,377,484
	Contribution	0	0	0
	Assumed Earnings	3,950,544	3,530,181	420,363
	Benefit Payments	(2,034,295)	(1,807,325)	(226,970)
01/01/92	Expected Asset Value	\$52,399,962	\$46,829,085	\$5,570,877
	Recognized Gain	2,551,117	2,279,896	271,221
01/01/92	Actuarial Asset Value	\$54,951,079	\$49,108,981	\$5,842,098
01/01/92	Market Value of Assets	\$65,155,549	\$58,228,567	\$6,926,982

BLUE CROSS AND BLUE SHIELD OF MICHIGAN
Detroit, Michigan
CIN: A-07-95-01176

STATEMENT OF MEDICARE PENSION ASSETS
JANUARY 1, 1990 TO JANUARY 1, 1995

Union Plan

		<u>Total Company</u>	<u>Other Segment</u>	<u>Medicare Segment</u>
01/01/92	Actuarial Asset Value	\$54,951,079	\$49,108,981	\$5,842,098
	Contribution	0	0	0
	Assumed Earnings	4,301,675	3,844,653	457,022
	Benefit Payments	(2,178,714)	(1,939,972)	(238,742)
01/01/93	Expected Asset Value	\$57,074,040	\$51,013,662	\$6,060,378
	Recognized Gain	2,731,386	2,441,355	290,031
01/01/93	Actuarial Asset Value	\$59,805,426	\$53,455,017	\$6,350,409
01/01/93	Market Value of Assets	\$70,730,969	\$63,220,437	\$7,510,532
01/01/93	Actuarial Asset Value	\$59,805,426	\$53,455,017	\$6,350,409
	Contribution	0	0	0
	Assumed Earnings	4,702,170	4,203,332	498,838
	Benefit Payments	(2,056,595)	(1,826,737)	(229,858)
01/01/94	Expected Asset Value	\$62,451,001	\$55,831,612	\$6,619,389
	Recognized Gain	3,179,782	2,842,746	337,036
01/01/94	Actuarial Asset Value	\$65,630,783	\$58,674,358	\$6,956,425
01/01/94	Market Value of Assets	\$78,349,912	\$70,045,344	\$8,304,568

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STATEMENT OF MEDICARE PENSION ASSETS
JANUARY 1, 1990 TO JANUARY 1, 1995

Union Plan

		<u>Total Company</u>	<u>Other Segment</u>	<u>Medicare Segment</u>
01/01/94	Actuarial Asset Value	\$65,630,783	\$58,674,358	\$6,956,425
	Contribution	5,065,854	4,603,581	462,273
	Assumed Earnings	5,189,211	4,641,651	547,560
	Benefit Payments	(1,971,009)	(1,707,025)	(263,984)
12/31/94	Expected Asset Value	\$73,914,839	\$66,212,565	\$7,702,274
12/31/94	Market Value of Assets	\$79,871,642	\$71,548,641	\$8,323,001
01/01/95	Transfers		405,580	(405,580)
01/01/95	Market Value of Assets	\$79,871,642	\$71,954,221	\$7,917,421
	Per Michigan	\$79,871,642	\$71,664,469	\$8,207,173
	Variance	\$0	\$289,752	(\$289,752)

BLUE CROSS AND BLUE SHIELD OF MICHIGAN
Detroit, Michigan
CIN: A-07-95-01176

STATEMENT OF MEDICARE PENSION ASSETS
JANUARY 1, 1990 TO JANUARY 1, 1995

Regular Plan

		<u>Total Company</u>	<u>Other Segment</u>	<u>Medicare Segment</u>
01/01/90	Actuarial Asset Value	\$176,592,352	\$158,800,814	\$17,791,538
	Contribution	0	0	0
	Assumed Earnings	13,691,718	12,308,020	1,383,698
	Benefit Payments	(10,053,920)	(9,139,489)	(914,431)
01/01/91	Expected Asset Value	\$180,230,150	\$161,969,345	\$18,260,805
	Recognized Gain	3,313,538	2,977,812	335,726
01/01/91	Actuarial Asset Value	\$183,543,688	\$164,947,157	\$18,596,531
01/01/91	Market Value of Assets	\$196,797,842	\$176,858,409	\$19,939,433
01/01/91	Actuarial Asset Value	\$183,543,688	\$164,947,157	\$18,596,531
	Contribution	0	0	0
	Assumed Earnings	14,262,268	12,812,642	1,449,626
	Benefit Payments	(9,720,619)	(8,841,463)	9879,156)
01/01/92	Expected Asset Value	\$188,085,337	\$168,918,336	\$19,167,001
	Recognized Gain	10,016,315	8,995,594	1,020,721
01/01/92	Actuarial Asset Value	\$198,101,652	\$177,913,930	\$20,187,722
01/01/92	Market Value of Assets	\$238,166,912	\$213,896,306	\$24,270,606

BLUE CROSS AND BLUE SHIELD OF MICHIGAN
Detroit, Michigan
CIN: A-07-95-01176

STATEMENT OF MEDICARE PENSION ASSETS
JANUARY 1, 1990 TO JANUARY 1, 1995

Regular Plan

		<u>Total Company</u>	<u>Other Segment</u>	<u>Medicare Segment</u>
01/01/92	Actuarial Asset Value	\$198,101,652	\$177,913,930	\$20,187,722
	Contribution	0	0	0
	Assumed Earnings	15,413,482	13,836,745	1,576,737
	Benefit Payments	(10,030,383)	(9,146,991)	(883,392)
01/01/93	Expected Asset Value	\$203,484,751	\$182,603,684	\$20,881,067
	Recognized Gain	10,616,340	9,526,919	1,089,421
01/01/93	Actuarial Asset Value	\$214,101,091	\$192,130,603	\$21,970,488
01/01/93	Market Value of Assets	\$256,566,450	\$230,238,280	\$26,328,170
01/01/93	Actuarial Asset Value	\$214,101,091	\$192,130,603	\$21,970,488
	Contribution	8,667,772	8,402,220	265,552
	Assumed Earnings	16,762,223	15,038,229	1,723,994
	Benefit Payments	(9,869,285)	(9,005,116)	(864,169)
01/01/94	Expected Asset Value	\$229,661,801	\$206,565,936	\$23,095,865
	Recognized Gain	12,211,517	10,983,470	1,228,047
01/01/94	Actuarial Asset Value	\$241,873,318	\$217,549,406	\$24,323,912
01/01/94	Market Value of Assets	\$290,719,388	\$261,483,287	\$29,236,101

BLUE CROSS AND BLUE SHIELD OF MICHIGAN
Detroit, Michigan
CIN: A-07-95-01176

STATEMENT OF MEDICARE PENSION ASSETS
JANUARY 1, 1990 TO JANUARY 1, 1995

Regular Plan

		<u>Total Company</u>	<u>Other Segment</u>	<u>Medicare Segment</u>
01/01/94	Actuarial Asset Value	\$241,873,318	\$217,549,406	\$24,323,912
	Contribution	12,945,080	12,806,559	138,521
	Assumed Earnings	19,248,113	17,335,196	1,912,917
	Benefit Payments	(9,896,743)	(8,993,164)	(903,579)
12/31/94	Expected Asset Value	\$264,169,768	\$238,697,997	\$25,471,771
12/31/94	Market Value of Assets	\$288,326,442	\$260,525,437	\$27,801,005
01/01/95	Transfers		(725,715)	725,715
01/01/95	Market Value of Assets	\$288,326,442	\$259,799,722	\$28,526,720
	Per Michigan	\$288,326,442	\$261,027,234	\$27,299,208
	Variance	\$0	(\$1,227,512)	\$1,227,512



Mark R. Bartlett, CPA, CPCU
Vice President and Controller

600 Lafayette East
Detroit, Michigan 48226-2998

May 7, 1996

Barbara A. Bennett
Regional Inspector General for
Audit Services
Office of Inspector General
Office of Audit Services
601 East 12th Street
Room 284A
Kansas City, Missouri 64106

Re: CIN: A-07-96-01176

Dear Ms. Bennett:

Blue Cross Blue Shield of Michigan (BCBSM) respectfully submits this response to your request for comments on the HHS Office of Inspector General for Audit Services (OIG) draft audit report no. A-07-96-01176, entitled Audit of the Pension Plan at a Terminated Medicare Contractor, Blue Cross and Blue Shield of Michigan (Draft Audit Report). BCBSM's response is being submitted for the purpose of facilitating the settlement of cost issues relating to our Medicare contracts and is not to be construed as an admission of liability upon any particular claim or figure. BCBSM's attached comments are based on a preliminary review of the Draft Audit Report; we reserve the right to submit additional information and to contest any findings, recommendations or claims set forth in or relating to the Draft Audit Report.

Please contact me at 313-225-6922 if you have any questions or if we otherwise may be of assistance.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Mark Bartlett', written over a horizontal line.
Mark R. Bartlett

BCBSM COMMENTS ON DRAFT PENSION SEGMENT CLOSING AUDIT REPORT

BCBSM's Medicare Part A and Part B contracts were terminated by the Health Care Financing Administration (HCFA) effective October 1, 1994 and November 1, 1994, respectively. OIG's Draft Audit Report concludes that "Medicare's share of the excess pension assets was \$11,904,263, which we are recommending be remitted to HCFA." BCBSM, based upon its review to date, has concluded that the Draft Audit Report understated the actuarial liability for Medicare pension and thus overstated the amount by which pension assets exceeded actuarial liability as of the segment closing date. BCBSM contends that the Draft Audit Report's calculation of actuarial liability should be increased by \$7,645,263 (\$ 6,626,149 after adjustment for Medicare's 86.67 percent share) which would reduce OIG's excess pension assets calculation to \$5,278,114.

I. Calculation Of Segment Closing Liability/Excess Assets

As discussed below, BCBSM's review to date of the draft audit has identified two major adjustments that we contend should be made to the draft audit's calculation of actuarial liability.

A. The Draft Audit Appears To Impose Retroactive Changes To Reduce Michigan's Approved Method Of Calculating Pension Liability

1. 1994 Cost Accounting Standards Applicable to Michigan's Medicare Contracts

Under the Cost Accounting Standard (CAS) in effect during BCBSM's Medicare contracts and as of their 1994 termination dates and the January 1, 1995 segment closing date ("1994 CAS"),

[t]he amount of pension cost assignable to cost accounting periods shall be measured by the accrued benefit cost method or by a projected benefit cost method

48 C.F.R. § 9904.412-50(b)(1)(1994) (emphasis added). Consistent with the 1994 CAS, during the term of BCBSM's Medicare contracts, BCBSM computed and assigned pension costs to Medicare contracts using the projected benefit cost method of ascertaining the actuarial liability of its pension plans.

The 1994 CAS provides that, if a segment, such as BCBSM's Medicare segment, is closed,

the contractor shall determine the difference between the actuarial liability for the segment and the market value of the assets allocated to the segment

48 C.F.R. § 9904.413-50(c)(12)(1994). The 1994 CAS did not require that, for purposes of segment closing calculations, any retroactive change be made to the method used to determine "actuarial liability." Indeed, the 1994 CAS 413 defined the term actuarial liability to mean the

pension cost attributable, under the actuarial cost method in use, to years prior to the date of a particular actuarial valuation.

48 C.F.R. 9904.413-30(a)(4)(1994)(emphasis added). Thus, under the 1994 CAS applicable to BCBSM's Medicare contracts, BCBSM's actuarial liability at segment closing should have been calculated in accordance with the "actuarial cost method in use," i.e., the projected benefit cost method it had been using, as permitted by CAS 412 and CAS 413.

2. 1995 Revised Cost Accounting Standards Are Not Applicable to BCBSM's Medicare Contracts

It appears that, notwithstanding the applicability of the 1994 CAS to BCBSM's Medicare contracts, the Draft Audit Report relies upon a version of CAS promulgated after BCBSM's Medicare contracts were terminated. As discussed below, the post-1994 version of CAS is not applicable to BCBSM's Medicare contracts.

The new CAS 413 pension cost rule "is effective as of March 30, 1995" and shall be followed by a contractor "on or after the start of its next cost accounting period beginning after the receipt of a contract or subcontract to which this Standard is applicable." 48 C.F.R. §§ 9904.413-63(a)-(b)(1995).

"Contractors with prior CAS-covered contracts . . . shall continue to follow Standard 9904.413 in effect prior to March 30, 1995, until this Standard, effective March 30, 1995, becomes applicable following receipt of a contract . . . to which this revised Standard applies." 48 C.F.R. § 9904.413-63(c)(1995) (emphasis added). BCBSM's Medicare contracts clearly ended well before the new CAS 413 would have become applicable to BCBSM.

As explained in the Defense Contract Audit Agency Contract Audit Manual (DCAM), newly promulgated CAS rules only have prospective effect, and then only after the applicability date of the new rule:

The CASB defers the applicability date beyond the effective date in order to provide contractors adequate time to prepare for compliance a contractor becomes subject to a new standard only after receiving the first CAS-covered contract following the effective date. * * * The effective date designates when the pricing of future CAS-covered contracts must reflect the new standard. It also identifies those CAS-covered contracts eligible for an equitable adjustment, since only those contracts in existence on the effective date can be equitably adjusted to reflect the prospective application of a new standard. The applicability date marks the beginning of the period when the contractor's accounting and reporting system must comply with a new standard.

DCAM ¶ 8-301(c) (emphasis added).^{1/}

In sum, the 1995 revised CAS is not applicable retroactively to BCBSM's Medicare contracts, which terminated in 1994.^{2/}

^{1/} This is consistent with the general legal rule that a government contract is subject to regulations in effect at the time the contract was awarded and subsequently enacted regulations apply only prospectively to events and agreements which occur later. See Lockheed Aircraft Corp. v. United States, 426 F.2d 322 (Ct. Cl. 1970).

^{2/} The new CAS 413 contains a "[t]ransition method" section which specifies that:

Furthermore, this Standard, effective March 30, 1995, clarifies, but is not intended to create, rights of the contracting parties, and specifies techniques for determining adjustments pursuant to 9904.413-50(c)(12).

These rights and techniques should be used to resolve outstanding issues that will affect pension costs of contracts subject to this Standard.

48 C.F.R. 9904.413-64(c)(1995). As discussed above, the new CAS 413 is not applicable retroactively to BCBSM's 1994 Medicare segment closing. Moreover, retroactive application of the new CAS would not merely "clarify" rights of the parties; rather, it would create rights by changing rights existing under the 1994 CAS. The 1994 CAS simply require the contractor to make a segment closing determination of "actuarial liability," defined by the "actuarial cost method in use." 48 C.F.R. 9904.413-

Rather, the segment closing calculation should be determined in accordance with the 1994 CAS in effect during the periods covered by the Medicare contracts and at the time of the segment closing.

3. Corrections Required Properly To Determine Actuarial Liability On Segment Closing

(a) Projected Benefit Cost Method Utilized By BCBSM Under Medicare Contracts

The Draft Audit Report's calculation of actuarial liability and, it follows, of excess pension assets, appears to be based upon retroactive changes by OIG to BCBSM's previously approved method of calculating pension costs. Specifically, it appears that the Draft Audit relied upon the new CAS 413's prescription that the "accrued benefit cost method" be used to calculate pension liability as of a segment closing, 48 C.F.R. § 9904.413-50(c)(12)(i)(1995), instead of the projected benefit method that BCBSM was permitted to use in accordance with the applicable 1994 CAS. Accordingly, it is BCBSM's position that the Draft Audit Report's retroactive change resulted in an understatement of actuarial liability, as of the segment closing date, in the estimated amount of \$4,544,759 for the Non-Bargaining Unit (NBU) plan and \$746,525 for the Bargaining Unit (BU) plan, for a total of \$5,291,284.

(b) Adjustment of Actuarial Assumptions To Reflect Best Estimate of Pension Costs Attributable To Terminated Medicare Contracts

HCFA's termination of BCBSM's Medicare contracts had the effect of causing the termination of a number of Medicare employees. The segment closing calculation should reflect the fact that these terminations warrant corresponding changes in certain pension cost assumptions. The most significant item affected by HCFA's termination is the assumed date of benefit commencement for participants who terminated as a result of HCFA's termination and were entitled to a vested benefit. BCBSM believes that the Draft Audit Report relied upon actuarial

2/ (...continued)

30(a)(4)(1994). The actuarial cost method used by BCBSM, as permitted by CAS 412, was the projected benefit cost method. 48 C.F.R. § 9904.412-50(b)(1)(1994). By contrast, the new CAS 413 purports to require that contractors use only an accrued benefit method in calculating segment closings subject to the new CAS 413. 48 C.F.R. § 9904.413-50(c)(12)(i)(1995).

valuations which assumed that these participants began receiving their benefits at age 65. However, actual experience, as impacted by HCFA's termination, indicates that the best estimate of the age at which Medicare segment benefits begin is 58.5 years. As a result, the Draft Audit Report understated actuarial liability relative to a best estimate of the actuarial liability, in the amount of \$1,170,952 for the Non-Bargaining Unit (NBU) plan and \$1,183,027 for the Bargaining Unit (BU) plan, for a total of \$2,353,979.

II. CONCLUSION

For the foregoing reasons, BCBSM respectfully submits that the Draft Audit Report understates BCBSM's segment closing actuarial liability. BCBSM's review to date indicates that the amount by which the draft audit's calculation of actuarial liability should be increased is as follows:

Application of 1994 CAS	\$5,291,284
Actuarial Liability -- Best Estimate (Terminated/Vested)	\$2,353,979
Subtotal:	<u>\$7,645,263</u>
Application of OIG's Medicare Percentage:	
	\$7,645,263
	x 86.67 percent
Total Liability Adjustment:	<u>\$6,626,149</u>

The application of this adjustment to correct the Draft Audit Report's understatement of actuarial liability would reduce the Draft Audit Report's determination of excess pension assets from \$11,904,263 to \$5,278,114.



DEPARTMENT OF HEALTH & HUMAN SERVICES

Health Care Financing Administration

PENSION ACTUARIAL STAFF

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MEMORANDUM

August 22, 1996

To: Barbara A. Bennett
Regional Inspector General for
Audit Services, Region VII

From: Eric H. Shipley
Office of the Actuary

Subject: Response to Draft Report CIN A-07-96-01176 entitled Audit of the Pension Plan at a Terminated Medicare Contractor, Blue Cross Blue Shield of Michigan

In a letter dated May 7, 1996, Blue Cross Blue Shield of Michigan (Michigan) objected to the dollar finding in the audit report on the closing of their Medicare Segments, CIN A-07-96-01176. Their objection to the segment closing finding is twofold in that they assert the actuarial liability used to measure the adjustment should have been determined using:

- 1) Projected benefits for employees retained by Michigan after the closings;
- 2) An assumed retirement age of 58.5 for deferred vested participants.

My analysis is based upon both Cost Accounting Standard (CAS) 412 and 413 that were in effect at the time of Michigan's segment closing. Because of the multitude and complexity of pension issues, the Cost Accounting Standards Board (CASB) developed the accounting standards for pension cost in two stages. The CASB first addressed basic measurement and period assignment issues in CAS 412. In CAS 413, the CASB addressed how pension costs, which were measured under CAS 412, were to be adjusted for gains and losses and were to be allocated to segments. Consequently, these two standards must be taken together for any analysis to properly reflect the intent of the original Board.

Estimation of Actuarial Liability for Retained Employees

The CAS in effect at the time the Medicare segments closed required that the 9904.413-50(c)(12) adjustment of previously determined pension costs be measured using

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August 1, 1996

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the actuarial liability, but was silent on whether the actuarial liability recognized benefit increases due to future salary increases. Reading CAS 412 and 413 together, I note that 9904.412-50(b)(6) stated:

“Pension cost shall be based on provisions of existing pension plans. This shall not preclude contractors from making salary projections for plans whose benefits are based on salaries and wages, or from considering improved benefits for plans which provide that such improved benefits must be made.”

The language of this paragraph permits the contractor to anticipate future salary increases, but does not require that these increases be anticipated. Thus this paragraph allows the contractor to prefund a portion of the associated benefit increases and achieve a smoother, and therefore more consistent, pattern of pension costs between contract accounting periods. Anticipating salary increases while the segment is ongoing is appropriate since future salaries increases can be presumed to have a causal/beneficial relationship to work performed under Medicare contracts. And indeed, this is the basis on which Michigan previously determined its pension costs and allocated them to the Medicare contracts.

However, when a segment closes, there is an end to the causal/beneficial relationship between future pay raises and the Medicare contract(s). A contractor may make a management decision to retain productive employees and to assign them to commercial lines of business. Commercial customers then benefit from the future productivity of these retained employees and are responsible for the costs associated with the increased salaries paid for the future productivity. An underlying principle of the CAS, and Government contract accounting in general, has been that there must be a causal-beneficial relationship between the incurrence of a cost and the performance of a contract before that cost can be allocated to and allowed under that contract. Thus, it is inappropriate to recognize such future salary increases when determining the 9904.413-50(c)(12) segment closing adjustment.

Retirement Age for Deferred Vested Participants

9904.413-50(c)(12) does not explicitly refer to the actuarial assumptions which are to be used to determine the actuarial liability. Instead, assumed retirement ages, as well as all other actuarial assumptions, are addressed by CAS 412 which says:

“Each actuarial assumption used to measure pension cost shall be separately identified and shall represent the contractor's best estimates of anticipated experience under the plan, taking into account past experience and reasonable expectations. The validity of the assumptions used may be evaluated on an

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aggregate, rather than on an assumption by assumption, basis." - 9904.412-40(b)(2)

"Actuarial assumptions should reflect long-term trends so as to avoid distortions caused by short-term fluctuations." - 9904.412-50(b)(5)

"If the evaluation of the validity of actuarial assumptions shows that, in the aggregate, the assumptions were not reasonable, the contractor shall: (i) identify the major causes for the resultant actuarial gains or losses, and (ii) provide information as to the basis and rationale used for retaining or revising such assumptions for use in the ensuing cost accounting period(s)." - 9904.412-50(b)(7)

Paragraphs 9904.412-40(b)(2) and 50(b)(5) make it clear that the CAS Board intended that long-term, best-estimate assumptions based on past performance and future expectations be used. While assumptions must be based on long-term expectations, 9904.412-40(b)(2) and 50(b)(7) provide that assumptions should be updated for changes in future economic or population trends and expectations.

The actuarial liability used to determine the 9904-50(c)(12) adjustment was provided by Michigan's actuary, the Wyatt Company, and was based on the retirement age assumption that had been used for deferred vested and transferred participants. At the time the 1995 actuarial valuation was performed, Michigan and its actuary were aware that the segment was about to close and that most segment employees would be terminated. However, the auditors found no evidence that Michigan believed its valuation assumptions were not its best-estimate either for CAS or ERISA purposes. The annual valuation reports and IRS forms filed by Michigan, and certified by their actuary, indicate that they believed retirement age 65 was their best-estimate.

Furthermore, an assumption that terminated employees with deferred vested benefits would retire earlier is pure conjecture and is not supportable by the facts of this case. Although these former Michigan employees can elect to begin receiving retirement payments prior to age 65, electing payment prior to age 62 would cause their benefits to be reduced. Most employees were hired by the successor contractor and will earn future retirement benefits under pension plans sponsored by the successor. However, the combined benefit from Michigan's and the successor's pension plans may be less than the benefit they would have received had they worked to retirement with Michigan. In addition, Social Security retirement benefits can not begin until age 62, or later, and are also reduced for early retirement. Thus, aside from the normal incidence of early retirements due to illness and disability, it is more likely that employees will desire to defer commencement of retirement benefits until they are eligible for social security and

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full, unreduced benefits.

It was certainly appropriate to review the retirement age assumption for this special class of deferred vested segment employees when the 1995 valuation was produced. However, because most of them have continued Medicare employment with the successor contractor, it is appropriate to conclude that they will behave like other active employees. It is unreasonable, and therefore not a best estimate, to assume that on average they will elect commencement of benefits prior to age 62. If Michigan and its actuary would present persuasive evidence that the retirement age assumption for active employees should be used, I estimate that the increase in actuarial liability will be in the neighborhood of \$1 million rather than the \$2,353,979 set forth by Michigan.

In its letter, Michigan referred to actual experience of former segment employees electing early retirement prior to age 62, but did not provide any supporting data. Lacking evidence to the contrary, the retirement age 65 assumption used by The Wyatt Company as its best-estimate for deferred vested participants as of January 1, 1995, was appropriate for determining the adjustment required by 9904.413-50(c)(12). No adjustment to the audit report is necessary.

Please contact me at (410)-786-6381 or EShipley@HCFA.GOV if you have any questions.